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G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS

**Financial Report
For the Year Ended June 30, 2001**

Parish Clerk of Court
LSA-RS 24:516 provides that this report shall be
available for inspection for a period of not less
than one year from the date of receipt.
Legislative Auditor

Under provisions of state law, this report is a public
document. A copy of the report has been submitted to
the entity and other appropriate public officials. The
report is available for public inspection at the Baton
Rouge office of the Legislative Auditor and, where
appropriate, at the office of the parish clerk of court.
Release Date 1/14/02

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2001**

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INDEPENDENT AUDITORS' REPORT

**The Board of Commissioners
G. B. Cooley Hospital
for Retarded Citizens
West Monroe, Louisiana**

We have audited the accompanying component unit financial statements of **G. B. Cooley Hospital for Retarded Citizens** (a component unit of the Ouachita Parish Police Jury - the Hospital), as of June 30, 2001, and for the year then ended, as listed in the accompanying Table of Contents. These financial statements are the responsibility of management of the Hospital. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide* issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the Hospital as of June 30, 2001, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2001 on our consideration of the Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

**Board of Commissioners
G. B. Cooley Hospital for
Retarded Citizens**

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying financial information listed as Schedules in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Hospital. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

The financial information for the preceding year, which is included for comparative purposes, was taken from the financial report for that year in which we expressed an unqualified opinion on the financial statements of the Hospital.



(A Professional Accounting Corporation)

December 18, 2001

FINANCIAL STATEMENTS

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
BALANCE SHEETS**

	<u>June 30,</u>	
	<u>2001</u>	<u>2000</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 502,211	\$ 347,609
Investments	1,847,410	2,032,179
Interest Receivable	22,145	30,424
Receivables, Net of Allowance for Doubtful Accounts of \$22,254 and \$25,470 (Note 4)	1,141,800	1,078,248
Inventory	5,253	2,463
Prepaid Items	3,019	3,019
Total Current Assets	<u>3,521,838</u>	<u>3,493,942</u>
Restricted Assets		
Cash - Cottage Life Funds	4,053	9,658
Property and Equipment, Net (Note 5)	1,537,344	1,656,317
Other Assets		
Medical Self - Insurance Deposit	<u>-</u>	<u>36</u>
Total Other Assets	<u>-</u>	<u>36</u>
TOTAL ASSETS	<u>\$ 5,063,235</u>	<u>\$ 5,159,953</u>

The accompanying notes are an integral part of these financial statements.

June 30,	
2001	2000

LIABILITIES AND FUND EQUITY

Current Liabilities

Accounts Payable	\$ 253,018	\$ 225,259
Individuals' Funds Liability (Note 7)	122,322	101,228
Accrued Payroll	198,200	190,676
Withholding and Payroll Taxes Payable	14,557	12,332
Other Payroll Deductions and Retirement Benefits Payable	42,438	41,810
Accrued Vacation and Sick Pay, Current Portion (Note 8)	506,128	467,283
Total Current Liabilities	<u>1,136,663</u>	<u>1,038,588</u>

Long - Term Liabilities

Accrued Vacation and Sick Pay, Net of Current Portion (Note 8)	<u>24,420</u>	<u>34,115</u>
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Total Liabilities	1,161,083	1,072,703
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Fund Equity

Contributed Capital:		
Governmental Units	1,742,544	1,742,544
Others	50,400	50,400
Total Contributed Capital	<u>1,792,944</u>	<u>1,792,944</u>

Retained Earnings:		
Reserved for Cottage Life Funds	4,053	9,658
Unreserved	2,105,155	2,284,648
Total Retained Earnings	<u>2,109,208</u>	<u>2,294,306</u>
Total Fund Equity	<u>3,902,152</u>	<u>4,087,250</u>

TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 5,063,235</u>	<u>\$ 5,159,953</u>
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G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
RETAINED EARNINGS-BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2001
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>	<u>2000</u>
Operating Revenues				
Charges for Services:				
Intergovernmental Revenues				
State of Louisiana				
Title XIX Residential Program	\$ 7,100,000	\$ 6,995,086	\$ (104,914)	\$ 6,730,732
Title XIX Waiver Program	1,275,000	1,369,823	94,823	1,140,852
Supervised Apartments Program	24,922	23,966	(956)	24,922
Adult Rehabilitation Program	45,978	43,481	(2,497)	43,900
Vocational Rehabilitation Program	-	-	-	4,915
One On One Staff Program	-	58,262	58,262	36,703
Federal				
Preschool Enrichment Program	80,481	76,165	(4,316)	75,372
Total Intergovernmental Revenues	<u>8,526,381</u>	<u>8,566,783</u>	<u>40,402</u>	<u>8,057,396</u>
Private Revenues				
Residential Program	474,100	424,946	(49,154)	394,635
Early Intervention Center	80,000	79,732	(268)	90,130
Total Private Revenues	<u>554,100</u>	<u>504,678</u>	<u>(49,422)</u>	<u>484,765</u>
Other Services Revenues				
Employment Services	90,000	79,834	(10,166)	95,085
School Food Services	10,400	5,768	(4,632)	10,724
Total Other Services Revenues	<u>100,400</u>	<u>85,602</u>	<u>(14,798)</u>	<u>105,809</u>
Total Operating Revenues	9,180,881	9,157,063	(23,818)	8,647,970
Operating Expenses				
Salaries	6,350,000	6,321,991	28,009	6,383,217
Payroll Taxes and Benefits	1,350,000	1,235,419	114,581	1,219,219
Supplies	225,000	216,611	8,389	189,547
Travel and Mileage	250,000	219,506	30,494	164,655
Food	245,000	212,611	32,389	208,591
Facility	650,000	694,031	(44,031)	592,954
Insurance	230,000	222,680	7,320	208,134
Leisure	15,000	6,508	8,492	9,288
Professional Fees	800,000	843,328	(43,328)	782,620
Bad Debts	75,000	23,073	51,927	14,785
Depreciation	290,000	310,399	(20,399)	309,717
Total Operating Expenses	<u>10,480,000</u>	<u>10,306,157</u>	<u>173,843</u>	<u>10,082,727</u>
Operating Loss	(1,299,119)	(1,149,094)	150,025	(1,434,757)

(Continued)

G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
RETAINED EARNINGS-BUDGET (GAAP BASIS) AND ACTUAL (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2001
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>	<u>2000</u>
Nonoperating Revenues and Expenses				
Ad Valorem Tax Revenues	785,000	807,449	22,449	815,274
Interest Income	135,000	134,082	(918)	133,081
Cottage Life, Excess (Deficiency) of Contributions Received Over Expenses	-	(5,605)	(5,605)	6,200
Miscellaneous Income	58,119	13,963	(44,156)	40,625
Gain (Loss) on Disposal of Property and Equipment	21,000	14,107	(6,893)	(7,151)
Excess of Nonoperating Revenues Over Nonoperating Expenses	<u>999,119</u>	<u>963,996</u>	<u>(35,123)</u>	<u>988,029</u>
Net Loss	(300,000)	(185,098)	114,902	(446,728)
Retained Earnings at Beginning of Year		<u>2,294,306</u>		<u>2,741,034</u>
RETAINED EARNINGS AT END OF YEAR		<u>\$ 2,109,208</u>		<u>\$ 2,294,306</u>

The accompanying notes are an integral part of this financial statement.

G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2001 AND 2000

	<u>2001</u>	<u>2000</u>
Cash Flows From Operating Activities		
Operating Loss	\$ (1,149,094)	\$ (1,434,757)
Adjustments to Reconcile Operating Loss to		
Net Cash Used by Operating Activities:		
Depreciation	310,399	309,717
Provision for Bad Debts	23,073	14,785
(Gain) Loss on Disposition of Equipment	(14,107)	7,151
Change in Current Assets and Liabilities:		
Interest Receivable	8,279	1,627
Receivables	(72,519)	(210,865)
Inventory	(2,790)	67
Prepaid and other assets	36	41,866
Accounts Payable	27,759	(144,123)
Client Funds Liability	21,094	6,223
Accrued Payroll Payable	7,524	50,843
Withholding and Payroll Taxes Payable	2,225	12,332
Other Payroll Deductions Payable	628	(4,683)
Accrued Vacation and Sick Leave Payable	29,150	36,960
Total Adjustments	<u>340,751</u>	<u>121,900</u>
Net Cash Used by Operating Activities	(808,343)	(1,312,857)
Cash Flows From Noncapital Financing Activities		
Tax Revenues	807,449	815,274
Contributions - Cottage Life, Net of Expense	(5,605)	6,200
Miscellaneous Income	13,963	40,625
Net Cash Provided by Noncapital Financing Activities	<u>815,807</u>	<u>862,099</u>
Cash Flows From Capital and Related Financing Activities		
Proceeds from Sale of Property and Equipment	20,309	1,407
Acquisition of Property and Equipment	(197,627)	(404,913)
Net Cash Used by Capital Investment Activities	<u>(177,318)</u>	<u>(403,506)</u>
Cash Flows From Investing Activities		
Interest Income	134,082	133,081
Maturities of Investments, Net	184,769	(567)
Net Cash Provided by Investing Activities	<u>318,851</u>	<u>132,514</u>
Increase (Decrease) in Cash and Cash Equivalents	148,997	(721,750)
Cash and Cash Equivalents at Beginning of Year	<u>357,267</u>	<u>1,079,017</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 506,264</u>	<u>\$ 357,267</u>

CASH AND CASH EQUIVALENTS SHOWN ON BALANCE SHEET AS:

Current Assets:		
Cash and Cash Equivalents	\$ 502,211	\$ 347,609
Restricted Assets:		
Cash - Cottage Life Funds	4,053	9,658
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 506,264</u>	<u>\$ 357,267</u>

The accompanying notes are an integral part of this financial statement.

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

Note 1 - Summary of Significant Accounting Policies

A. History

G. B. Cooley Hospital for Retarded Citizens (the Hospital) is a training facility that provides twenty-four hour care for the mentally retarded. The Hospital was created April 11, 1962, by Ordinance Number 7127 of the Ouachita Parish Policy Jury. The Hospital provides all basic needs for each individual, including speech therapy, occupational therapy, physical therapy, psychological services and vocational training services. The vocational training objective is to teach individuals vocational skills in order that they may be eligible for community employment.

The Hospital is a component unit of the Ouachita Parish Police Jury because the Police Jury appoints the Board and there is the potential for the Hospital to provide specific financial benefits to or impose specific financial burdens on the Ouachita Parish Police Jury. Each member of the Board of Commissioners must be a qualified voter and resident of the Hospital Service District. The Board of Commissioners consists of seven members, each appointed to a six-year term. The members receive a travel allowance of \$25 per meeting attended.

B. Basis of Accounting and Presentation

The accompanying component unit financial statements of the Hospital have been prepared in conformity with generally accepted accounting principals (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Hospital uses the accrual basis of accounting, whereby revenues are recognized in the period in which they are earned and expenses are recognized in the period incurred. With regard to its proprietary activities, the Hospital has elected not to apply Financial Accounting Standards Board statements and interpretation issued since November 30, 1989 unless they are adopted by the GASB.

C. Budgets and Budgetary Accounting

The Hospital follows these procedures in establishing the budgetary data reflected in these financial statements:

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

1. At least thirty days prior to the beginning of the fiscal year, the Administrator submits to the Board of Commissioners a proposed operating and capital budget for the succeeding year.
2. A public hearing is scheduled by the Board of Commissioners after allowing for at least ten days notice to the public at the time the budget is initially submitted to the Board of Commissioners.
3. The final budget must be adopted by the Board of Commissioners no later than fifteen days before the beginning of the fiscal year.
4. Any subsequent revisions requiring alteration of levels of expenditures or transfers between functions must be approved by the Board of Commissioners and subjected to public hearing procedures as explained above.
5. Operating appropriations, to the extent not expended, lapse at year-end. Capital appropriations continue in force until the project is completed.

D. Cash Equivalents

For purposes of the Statement of Cash Flows, the Hospital considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

E. Receivables - Bad Debts

The Hospital has established an Allowance for Doubtful Accounts based on management's assessment of ultimate collectability of older outstanding receivables.

F. Inventory

Inventory consists primarily of various maintenance and purchasing supplies. The inventory is recorded at the lower of cost or market using the first-in, first-out (FIFO) method.

G. Property and Equipment

Fixed assets are recorded at cost, if purchased, or at fair market value, if donated.

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

The original land and buildings where the Hospital is operating are owned by the Ouachita Parish Police Jury and are leased to the Hospital. They are not recorded on the books. All improvements are reflected on the books, at cost, under leasehold improvements. The Hospital has acquired additional land and buildings, which are recorded on the books at cost.

The Hospital computes depreciation using the straight-line method over the estimated useful lives of the related assets. The estimated useful lives used to compute depreciation are as follows:

Buildings	20 - 25 Years
Leasehold Improvements	20 - 25 Years
Furniture and Equipment	5 - 20 Years
Vehicles	4 Years

Maintenance and repairs are generally charged to operations; significant betterments are capitalized. The cost and related accumulated depreciation of assets retired or otherwise disposed of are eliminated from the accounts and the resulting gain or loss is included in income.

H. Reserves of Retained Earnings

Some portion of retained earnings is reserved to indicate that a portion of the fund equity is restricted for a specific future use and is not available for appropriation or expenditure.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management of the Hospital to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

J. Reclassifications

Minor reclassifications to the financial statements have been made to make them comparable with the current year presentation.

G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

Note 2 - Cash and Cash Equivalents

Cash and cash equivalents consisted of the following:

	June 30,	
	2001	2000
Current Assets:		
Cash on Hand, and in Bank		
Checking and Savings Deposits	\$ 502,211	\$ 347,609
Total Current Assets	502,211	347,609
Restricted Assets:		
Checking Deposits – Cottage Life Funds	4,053	9,658
TOTAL CASH AND CASH EQUIVALENTS	\$ 506,264	\$ 357,267

Cash on hand and in bank checking and savings deposits includes individuals' funds. See Note 7.

Note 3 - Cash and Cash Equivalents and Investments

At June 30, 2001, the carrying amount of the Hospital's deposits (checking, savings, short-term time deposits and long-term time deposits) and the corresponding bank balances were as follows:

	Balance per	
	Hospital	Bank
Checking and Savings Accounts	\$ 506,264	\$ 526,104
Bank Time Deposits	738,883	738,883
Investments	1,108,527	1,108,527
TOTAL	\$ 2,353,674	\$ 2,373,514

Statutes require the Hospital to obtain sufficient collateral from financial institutions whenever the Hospital's deposits at the institution exceed the insured amount.

The Hospital has \$1,264,987 in deposits (collected bank balances) as of June 30, 2001, of which \$421,410 was secured from risk by federal deposit insurance (GASB 3 - Category 1). The balance of \$843,577 of the deposits are secured with pledged securities totaling \$2,263,943 held by the custodial banks in the name of the Hospital on behalf of the fiscal agent banks (GASB 3 - Category 2). The Hospital also has

G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

investments in United States Government Securities totaling \$1,108,527 with maturities ranging from 150 to 180 days.

In accordance with GASB Statement No. 31, investments of the Hospital are stated at amortized cost, which approximates market value at June 30, 2001. GASB-31 states that U. S. Government obligations that have a remaining maturity at time of purchase of one year or less may be stated at amortized cost.

Note 4 - Receivables

Receivables consisted of the following:

	June 30,	
	2001	2000
State of Louisiana:		
Title XIX – Residential	\$ 589,473	\$ 544,682
Contractual Services	415,114	245,812
Individuals' Patient Liability	35,404	34,623
Reinsurance Receivable	91,745	202,809
Ad Valorem Taxes Receivable	6,009	53,190
Other Receivables	26,309	22,602
Total Receivables	1,164,054	1,103,718
Less: Allowance for Doubtful Accounts	(22,254)	(25,470)
Receivables, Net of Allowance for Doubtful Accounts	\$ 1,141,800	\$ 1,078,248

Of the 2001 and 2000 receivable balances, eighty-seven percent and seventy-six percent, respectively was due from governmental agencies. The Hospital's contracts are primarily with governmental agencies. Therefore, a majority of the Hospital's revenue is derived from governmental sources.

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

Note 5 - Property and Equipment

Property and Equipment consisted of the following:

	June 30,	
	2001	2000
Buildings	\$ 404,672	\$ 404,672
Furniture, Fixtures and Equipment	1,471,400	1,423,137
Vehicles	1,024,819	981,020
Leasehold Improvements	2,192,038	2,158,850
Total Property and Equipment	5,092,929	4,967,679
Accumulated Depreciation	(3,813,573)	(3,569,350)
Net Depreciable Assets	1,279,356	1,398,329
Land	257,988	257,988
TOTAL PROPERTY AND EQUIPMENT	\$ 1,537,344	\$ 1,656,317

Depreciation expense was \$310,399 and \$309,717 for the years ended June 30, 2001 and 2000, respectively.

Note 6 - Risk Financing Activities

Through its primary government, the Ouachita Parish Police Jury, the Hospital participates in a self-funded program (the fund) for potential losses under general liability, property and fleet coverage and worker's compensation. The fund pays the premiums for reinsurance and pays all deductibles up to \$150,000 per occurrence, except for \$500 which is paid by the Hospital. The premiums, which are modified for experience and other factors, are computed annually. The reinsurance policy picks up all losses over the \$150,000 deductible with an aggregate coverage of \$2,000,000. The fund had approximately \$2,280,000 in assets at December 31, 2000. The Hospital contributed approximately \$223,000 into the fund during the year ended June 30, 2001.

Note 7 - Individuals' Funds Liability

G. B. Cooley Hospital is required under Title XIX to maintain cash which is the property of the individuals for their personal use. The amount of the individuals' cash is reflected in the individuals' funds liability account.

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

Individuals' funds are maintained in accounts as follows:

	June 30,	
	2001	2000
Cash on Hand and in Bank	\$ 122,322	\$ 101,228

Individuals' funds on hand and in banks are included in Cash and Cash Equivalents for balance sheet presentation. See Note 2.

Note 8 - Compensated Absences

Employees of the Hospital earn vacation pay in varying amounts ranging from 10 to 25 working days per year depending upon length of service. Vacation hours must be used within 24 months of the date they were earned or they will be forfeited, unless approved by the appropriate director and/or the administrator. Subject to the above limitations, unused vacation is paid to an employee upon retirement, separation, or death at hourly rates being earned by that employee upon separation. Both full-time and part-time employees accrue sick leave according to a written formula. Sick leave may be carried forward from year to year with no limit on the number of hours that may be accrued. Except upon retirement, a terminated employee shall not be compensated for unused sick leave. Upon retirement, an employee shall be compensated up to a maximum of 60 days at a rate of pay averaged over the previous five years.

Accrued vacation and sick pay, including applicable salary related payments, consisted of:

	June 30,	
	2001	2000
Accrued Vacation	\$ 456,048	\$ 444,189
Accrued Sick Pay	74,500	57,209
Totals	530,548	501,398
Less: Current Portion	(506,128)	(467,283)
LONG-TERM PORTION	\$ 24,420	\$ 34,115

Note 9 - Employee Benefit Plans

Effective January 1, 1996 the Hospital adopted The G.B. Cooley Hospital For Retarded Citizens Retirement Plan (the Plan), a defined contribution retirement plan pursuant to

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

Section 401(a) of the Internal Revenue Code. The Plan is administered by a bank trust department as a third-party trustee. The following information is intended to be a brief summary of certain Plan provisions; participants should consult the Plan document for detailed information relating to the provisions of the Plan. The Plan covers all employees of the Hospital who have attained the age of 18 and have completed one year of eligibility service. The Hospital may make employer contributions each year at the discretion of management; participants may contribute up to 10% of their annual compensation. Employer contributions vest to the participants in full after the participant attains 5 or more years of service credit (a year in which the participant achieves at least 1,000 hours of service). Normal retirement age under the Plan is age 65. Benefits at retirement are payable in the form of a lump-sum distribution or in periodic payments as provided by the Plan.

The Hospital contributed \$162,711 and \$160,046 to the Plan for the years ended June 30, 2001 and 2000, respectively.

Note 10 - Property Taxes

Property taxes are levied on real and business personal property located within the boundaries of Ouachita Parish. The Ouachita Parish Tax Assessor, an elected official, determines the fair market value of all property subject to taxation, except public service properties, which are valued by the Louisiana Tax Commission. The fair market values determined by the Assessor are subject to review and approval of the Louisiana Tax Commission.

Property taxes are levied on a portion of fair market value as follows:

Land and Improvements for Residential Purposes	10%
Machinery, Industrial and Commercial Improvements	15%
Public Service Properties, Excluding Land	25%

The Assessor is required to reappraise all property subject to taxation at intervals of not more than four years.

The Sheriff of Ouachita Parish is the official tax collector of property taxes levied by the parish and special districts within the Parish. The 2000 property tax calendar was as follows:

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

Assessment	January 1, 2000
Levy Date	November 15, 2000
Total Taxes Are Due	December 31, 2000
Penalties and Interest Were Added	January 1, 2001
Lien Date	May 3, 2001
Tax Sale – 2000 Delinquent Property	June 30, 2001

Property taxes are recorded as revenue when they become available and measurable. Property taxes are considered measurable when levied. Generally, all taxes are collected before the end of the Hospital's June 30 fiscal year end.

Note 11 - Commitments

A. Contract and Agreement

On October 18, 1977, the Hospital entered into an agreement with the Ouachita Parish Police Jury to jointly construct, renovate and provide for the operation and maintenance of the facility known as the G. B. Cooley Hospital for Retarded Citizens. The agreement requires that the Hospital maintain and operate the facilities for the exclusive purpose of caring for, treating, housing and otherwise attending to the needs of retarded citizens who are residents of Ouachita Parish and non-residents, after the needs of Ouachita Parish residents are fulfilled. Either party may construct improvements to the Hospital at its own cost and the improvements are subject to the terms of the agreement. The terms of the agreement are effective until January 1, 2002, or until terminated by either party.

B. Leases

1. Community Homes

The Walnut, Shannon, South Grand, Spurgeon and Texas Street Community Homes are leased from the Monroe Housing Authority. The monthly rental, calculated by the Monroe Housing Authority, is based on the amount of each individual's social security benefits. G. B. Cooley Hospital is billed monthly. The lease was executed on February 16, 1984, and will terminate after 40 years. The minimum future rentals cannot be determined and therefore minimum future rentals disclosures for noncancellable operating leases are not disclosed.

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

Other community homes are leased from individuals for varying amounts ranging from \$650 to \$1,200 monthly, expiring at various dates through 2003.

2. Commercial Property

The Hospital leases an office at 1007 Gould Drive, Bossier City, Louisiana, for the Region 7 Waiver Case Management Office. The lease term is for February 5, 2000 through February 5, 2002 at \$750 per month.

The Hospital leases commercial property at 104 Sunshine Avenue, West Monroe, Louisiana, for the Children's Services program. The lease term is for May 1, 2000 through April 30, 2002 at \$100 per month.

The following schedule represents annual lease commitments under noncancellable operating leases:

<u>For Year Ended</u>	<u>Annual Lease Expense</u>
2002	\$ 163,309
2003	\$ 108,684
2004	\$ 76,059
2005	\$ 60,559
2006	\$ 58,859

Rent expense for the year ended June 30, 2001 was \$182,518 and includes \$58,859 in lease payments to the Monroe Housing Authority.

Rent expense for the year ended June 30, 2000, was \$174,996 and included \$58,859 in lease payments to the Monroe Housing Authority.

Note 12 - Commissioners' Fees

Members of the Board of Commissioners are paid a \$25 per month travel allowance for each board meeting attended. Payments were as follows:

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

Commissioner	June 30, 2001 Travel Allowance Paid	June 30, 2000 Travel Allowance Paid
Sallie G. Caulfield - Resigned 9/99	\$ -	\$ 25
Chester Halley	50	100
Rita Goodin -- Appointed 5/01	75	-
Jim Hutchinson	175	125
Ellen Johnson	175	150
Becky Lazenby	125	75
Frederick McHenry - Resigned 11/99	-	50
Josie C. Roberts	150	125
Perry Thomas	150	125
Kenneth Wilson	125	75
Total Travel Allowance Paid	\$ 1,025	\$ 850

Note 13 - Contingencies

There are several pending lawsuits in which the Hospital is involved. The Hospital's administration and attorneys are of the opinion that the potential claims against the Hospital, resulting from litigation, would not materially affect the financial position of the Hospital at June 30, 2001. The Hospital's administration is of the opinion that all potential claims, resulting from litigation, are covered by insurance.

Subsequent to June 30, 2001 the Hospital applied for and received two Letters of Credit for \$25,000 each for the benefit of the State of Louisiana Department of Health and Hospitals. These Letters of Credit are for an initial term of November 19, 2001 through November 9, 2002 and automatically renew for one-year periods unless the underlying contract is performed or they are cancelled with 30 days written notice.

OTHER SUPPLEMENTARY INFORMATION

G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
SCHEDULE OF COMMUNITY LIVING REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2001

SCHEDULE 1

	DIRECTOR, NURSING, PSYCHOLOGY, SOCIAL SERVICES, COMMUNICATIONS AND DIETARY						SOUTH GRAND		WALNUT		TEXAS		HIGHLAND/ TRENTON		GARRETT ROAD	
	SHANNON	SPURGEON														
Operating Revenues																
Charges For Services:																
Intergovernmental Revenues:																
State of Louisiana																
Title XIX	\$ -	\$ 247,076	\$ 275,687	\$ 287,227	\$ 265,204	\$ 257,841	\$ 281,983	\$ 263,855								
Private Revenues:																
Daily Service	-	7,049	14,692	19,066	24,444	22,104	1,772	27,788								
Total Operating Revenues	-	254,125	290,379	306,293	289,648	279,945	283,755	291,643								
Operating Expenses																
Salaries	228,425	111,336	100,357	102,538	87,756	105,583	76,974	97,078								
Supplies	-	6,758	5,775	6,162	6,230	8,992	7,290	4,677								
Travel and Mileage	-	3,008	4,350	3,402	2,316	2,583	2,022	1,821								
Food	-	8,320	8,891	7,647	8,508	8,194	7,960	9,035								
Facility and Maintenance	-	23,396	19,593	22,021	21,476	19,844	13,718	20,840								
Professional Services	-	28,983	28,105	30,197	30,246	28,206	26,617	32,305								
Leisure	-	228	19	55	20	162	327	373								
Depreciation	-	2,933	5,436	6,506	3,746	5,752	3,852	3,798								
Total Operating Expenses	228,425	184,962	172,526	178,528	160,298	179,316	138,760	169,927								
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (228,425)	\$ 69,163	\$ 117,853	\$ 127,765	\$ 129,350	\$ 100,629	\$ 144,995	\$ 121,716								

G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
SCHEDULE OF COMMUNITY LIVING REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2001

SCHEDULE 1 (CONCLUDED)

	<u>PARKER ROAD</u>	<u>LATHAM LANE</u>	<u>SUE DRIVE</u>	<u>PRAIRIE ROAD</u>	<u>ARKANSAS ROAD</u>	<u>EMERSON STREET</u>	<u>TENNESSEE STREET</u>	<u>HIGHWAY 15</u>	<u>TOTAL</u>
Operating Revenues									
Charges For Services:									
Intergovernmental Revenues:									
State of Louisiana									
Title XIX	\$ 288,795	\$ 205,988	\$ 282,155	\$ 372,583	\$ 301,970	\$ 234,772	\$ 282,345	\$ 266,991	\$ 4,114,472
Private Revenues:									
Daily Service	<u>7,219</u>	<u>85,654</u>	<u>28,000</u>	<u>19,350</u>	<u>1,970</u>	<u>28,195</u>	<u>23,949</u>	<u>39,302</u>	<u>350,554</u>
Total Operating Revenues	<u>296,014</u>	<u>291,642</u>	<u>310,155</u>	<u>391,933</u>	<u>303,940</u>	<u>262,967</u>	<u>306,294</u>	<u>306,293</u>	<u>4,465,026</u>
Operating Expenses									
Salaries	90,671	114,224	100,402	153,597	102,721	101,896	119,605	95,598	1,788,761
Supplies	8,099	5,530	4,744	4,988	5,823	3,312	4,832	3,666	86,878
Travel and Milcage	4,737	1,909	3,751	3,071	377	3,666	4,420	1,949	43,382
Food	8,916	8,721	9,540	8,619	7,890	7,855	8,395	8,866	127,357
Facility and Maintenance	20,301	25,690	20,682	23,274	20,591	27,239	8,176	20,837	307,678
Professional Services	28,978	29,051	27,925	29,506	29,112	26,087	27,324	29,525	432,167
Leisure	381	346	288	418	211	61	160	392	3,441
Depreciation	<u>7,637</u>	<u>3,696</u>	<u>4,703</u>	<u>5,058</u>	<u>1,391</u>	<u>3,456</u>	<u>10,722</u>	<u>4,814</u>	<u>73,500</u>
Total Operating Expenses	<u>169,720</u>	<u>189,167</u>	<u>172,035</u>	<u>228,531</u>	<u>168,116</u>	<u>173,572</u>	<u>183,634</u>	<u>165,647</u>	<u>2,863,164</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ 126,294</u>	<u>\$ 102,475</u>	<u>\$ 138,120</u>	<u>\$ 163,402</u>	<u>\$ 135,824</u>	<u>\$ 89,395</u>	<u>\$ 122,660</u>	<u>\$ 140,646</u>	<u>\$ 1,601,862</u>

SUPPLEMENTARY INFORMATION - GRANT ACTIVITY

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2001**

Federal Grants or Pass-Through Grantor/Program Title	C.F.D.A. Number	Grant Assistance ID Number	Award	
			Amount	Expenditures
U.S. Department of Education				
LA Department of Education				
Early Intervention Program	84.181	28-98-H4 SVSC	\$ 64,339	\$ 64,065
Early Intervention Program	84.181	28-99-H4SVCS	16,142	12,100
TOTAL FEDERAL AWARDS			<u>\$ 80,481</u>	<u>\$ 76,165</u>

See Notes to Schedule of Expenditures of Federal and State Awards.

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2001**

<u>Grantor/Program Title</u>	<u>Grant Assistance ID Number</u>	<u>Award Amount</u>	<u>Expenditures</u>
State of Louisiana Office of Human Services Department of Health and Hospitals Division of Mental Retardation Developmental Disabilities:			
Social Services Supported Living Supervised Apartments Program	DOA 340-000576 DHH 66364 OCDD 92 CFMS 543094	\$ 24,922	23,966
Social Services Supported Living Apartment Start Up Expenses Program	DHH 67279 OCDD 000274 CFMS 549817	2,000	1,922
Social Services Vocational and Habilitative Services Adult Rehabilitation Program	DOA 340-000535 DHH 66381 OCDD 65 CFMS 543064	57,745	43,481
TOTAL STATE AWARDS		<u>\$ 84,667</u>	<u>69,369</u>

See Notes to Schedule of Expenditures of Federal and State Awards.

G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
NOTES TO SCHEDULES OF EXPENDITURES OF
FEDERAL AND STATE AWARDS
JUNE 30, 2001

A. General

The preceding Schedules of Expenditures of Federal and State Awards present the activity of all Federal and state financial assistance programs of G. B. Cooley Hospital for Retarded Citizens (the Hospital). The Hospital reporting entity is defined in Note 1 to the Hospital's financial statements. All Federal financial assistance received directly from Federal agencies as well as Federal financial assistance passed through other government agencies is included on the Schedule of Expenditures of Federal Awards. However, the preceding schedules do not include any Title XIX or Waiver funds.

B. Basis of Accounting

The Schedules of Expenditures of Federal and State Awards are presented using the accrual basis of accounting, which is described in Note 1 to the Hospital's financial statements.

C. Relationship of the Schedules of Expenditures of Federal and State Awards to the Financial Statements

Federal and State Awards Revenues are included in intergovernmental revenue on the Statement of Revenues, Expenses and Changes in Retained Earnings - Budget (GAAP Basis) and Actual. Intergovernmental revenue consists of the following:

	Title XIX	Federal	State	Total Intergovernmental
Residential Program	\$ 6,995,086	\$ -	\$ -	\$ 6,995,086
Waiver Program	1,369,823	-	-	1,369,823
Supervised Apartments Program	-	-	23,966	23,966
Adult Rehabilitation Program	-	-	43,481	43,481
Early Intervention Program	-	76,165	-	76,165
Vocational Rehabilitation Program	-	-	-	-
One on One Staff Program	-	-	58,262	58,262
	<u>\$ 8,364,909</u>	<u>\$ 76,165</u>	<u>\$ 125,709</u>	<u>\$ 8,566,783</u>

The intergovernmental revenue of \$1,922 from Social Services Supported Living Apartment Start Up Expenses Program, that is reported on the State Awards Schedule of Expenditures, is reported net of expenses on the Statement of Revenues, Expenses and Changes in Retained Earnings - Budget (GAAP).

The intergovernmental revenue of \$58,262 from the One on One Staff Program, reported on the Statement of Revenues, Expenses and Changes in Retained Earnings - Budget (GAAP), is not included on the State Awards Schedule of Expenditures because the revenue is a reimbursement for services, and is not considered a State Award.

**REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**The Board of Commissioners
G. B. Cooley Hospital for Retarded Citizens
West Monroe, Louisiana**

We have audited the component unit financial statements of **G. B. Cooley Hospital for Retarded Citizens** (the Hospital) as of and for the year ended June 30, 2001, and have issued our report thereon dated December 18, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*, issued by the Louisiana Society of Certified Public Accountants and the Louisiana Legislative Auditor.

Compliance

As part of obtaining reasonable assurance about whether the Hospital's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Hospital's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Hospital's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying *Schedule of Findings* as items number 01-01 and 01-02.

**The Board of Commissioners
G. B. Cooley Hospital for Retarded Citizens
West Monroe, Louisiana**

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider item 01-02 to be a material weakness.

This report is intended for the information of management of the Hospital, awarding agencies and pass-through entities, other entities granting funds to the Hospital and the Legislative Auditor for the state of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.



(A Professional Accounting Corporation)

December 18, 2001

G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
SCHEDULE OF FINDINGS
JUNE 30, 2001

01-01 Employee Coding Problems

Finding:

During our audit, we noted some instances where employees were not assigned to appropriate Department and or General Ledger codes.

This could result in misclassifications of various categories of salary expense reported on "Cost Reports" filed with State department of health, which in turn could affect the State's funding to the Hospital.

Recommendation:

Proper care should be exercised when assigning new employee codes and change codes for any transfers or other reclassifications and assignments.

Management's Corrective Action Plan:

The employee responsible for assigning new employee codes and transfers has prepared a new form and has submitted it to all supervisors to complete when employees are hired and have been transferred from one location to another. This will ensure that Human Resources is aware of all transfers and proper coding is completed in a timely manner.

01-02 Waiver Related Programs:

Finding:

During the year the hospital failed to submit timely and clerically accurate claims in regard to the Waiver Program for supported living, personal care attendant, supported employment and prevocational programs. Proper control procedures over billing and collection procedures require that a claim be submitted on a timely basis and existence of proper follow up procedures, which include a timely investigation to resolve billing issues. During the year the hospital was unable to collect \$9,200 due to the timing restrictions of Waiver Program and will further lose approximately \$23,000, if the corrected claims are not resubmitted within the timing restrictions imposed by the Waiver Program. Failure to bill Waiver Services on a timely and accurately basis creates cash flow problems for the hospital and increases the possibility of uncollectible amounts.

The Waiver Program accounts receivable subsidiary ledger does not agree with the general ledger. Proper internal control procedures require that the subsidiary ledgers must be reconciled to the general ledger. If the accounts receivable subsidiary ledger is not reconciled to the general ledger, revenues and accounts receivable could be misstated on financial statements.

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
SCHEDULE OF FINDINGS
JUNE 30, 2001**

Recommendation:

Waiver services should be billed every two weeks in conjunction with the hospital's payroll cycle. This will improve cash flow by matching the revenue with the payroll expense. All denied claims should be researched and corrected on a priority basis to meet the timing restrictions imposed by Waiver Program.

The waiver subsidiary ledger should be reconciled to the general ledger on a monthly basis.

Management's Corrective Action Plan:

The denials for July 1, 2000 through February 5, 2001 were resubmitted in November. Most of these claims were approved and paid. The direct deposit was made on November 11, 2001.

As of December 1, 2001, meetings have taken place and there is a procedure that will allow the documentation and billing to be done on a bi-weekly basis.

The Accountant along with the Billing Personnel will set up a procedure so that the Waiver subsidiary ledger will be reconciled to the general ledger on a monthly basis.

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
SUMMARY STATUS OF PRIOR YEAR FINDINGS
JUNE 30, 2001**

In connection with our audit of the G. B. Cooley Hospital for Retarded Citizens as of and for the year ended June 30, 2001, in accordance with *Government Auditing Standards* we have also reviewed the status of prior year findings included in our report on compliance and internal control over financial reporting and the management letter dated November 10, 2000 on the Hospital's financial statements as of and for the year ended June 30, 2000. The following presents the status of those findings:

00-01 Accounting for Insurance Proceeds

Finding:

Insurance proceeds for damage to property, particularly vehicles, is not being recorded on a consistent basis. In some instances, the proceeds are being credited to the related expense account; in other instances the proceeds are being credited to miscellaneous income. This situation was also noted in fiscal year 1999.

Status:

During 2001 fiscal year, monies received in excess of repairs to vehicles and property, have been credited to the proper account.

00-02 Payroll Processing and Related Matters

Finding:

The payroll tax returns were not reconciled to the general ledger on a quarterly basis.

Supervisor's time reports were not signed by both the immediate supervisor and the Team Director. In our sample of 24 payroll checks, four of the supporting time reports were only signed by the Team Director. Also in our sample of 24 checks, we found one instance in which the hours on the employee's time sheet differed from the hours on the Supervisor's report. The employee reported 82.75 hours and the Supervisor's report reflected 80 hours. Both of these situations existed in fiscal year 1999.

Status:

A procedure change has been implemented regarding dual signatures on the Supervisor's time report. Differences between the employee time card and Supervisor's payroll report are resolved prior to data entry into the payroll program.

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
SUMMARY STATUS OF PRIOR YEAR FINDINGS
JUNE 30, 2001**

00-03 Cash Disbursements Matters:

Finding:

In our review of various categories of expenses, we noted several instances in which items were coded to the wrong account. This condition of coding errors also existed during fiscal year 1999.

Status:

Copies of the "Chart of Accounts" were distributed to all staff in the business office to ensure all expenditures/revenues were coded correctly.

00-04 Completeness of Accounts Receivable

Finding:

Two Waiver programs in Region 8 did not have their accounts receivable properly included in the general ledger. These omissions totaled approximately \$16,000. It appears that the claims had been denied. The necessary corrections were made, but the claims were not properly rebilled. In addition, the claims were being tracked on the unpaid claims report; however, when the claim is written off prior to being rebilled, it does not appear on the unpaid claims report.

Status:

Monitoring is on a continual basis on Waiver Billing. Due to staff changes, training is an on going event. Procedures are in place to ensure 2002 fiscal year receivables are reconciled to the general ledger.

Management Letter

Capital Asset Policies:

Hospital was using a threshold of \$200 rather than the \$50 called for in Hospital policy for items to be tagged for tracking purposes.

Hospital has no documented policy for its capitalization practice of items costing \$500 or more and certain inconsistencies.

**G. B. COOLEY HOSPITAL FOR RETARDED CITIZENS
SUMMARY STATUS OF PRIOR YEAR FINDINGS
JUNE 30, 2001**

Status:

A Policy was implemented in November 2000 to reflect the difference between items to be tagged for tracking purposes and items to be capitalized when the expected useful life of an item is five years or more.



John L. Luffey, MBA, CPA
Francis I. Huffman, CPA
L. Fred Monroe, CPA
Esther Alleberry, CPA
Carolyn A. Clarke, CPA

MANAGEMENT LETTER

**To Board of Commissioners
G. B. Cooley Hospital for Retarded Citizens**

In planning and performing our audit of the component unit financial statements of **G. B. Cooley Hospital for Retarded Citizens** (the Hospital) as of June 30, 2001, and for the year then ended, certain matters came to our attention which we believe should be conveyed to management of the Hospital. This letter will summarize our comments and suggestions regarding those matters. This letter does not affect our report dated December 18, 2001, on those financial statements.

One on One Contract Billings and follow up delinquent collections:

Finding:

The One on One Contract to reimburse the hospital for salaries expense was not billed monthly as required by the contract. The contract requires monthly billings and stipulated that billings submitted after 60 days of service may be denied subject to availability of state funds. Also, proper control procedures over billing and collections requires that all delinquent claims should be properly investigated on a timely basis.

In three cases, the hospital was beyond the 60 day rule in submitting the billings to the state, however the state reimbursed the hospital in all three cases.

In five cases, the hospital submitted May / June, 2001 claims for \$12,279 on time and did not get reimbursed by the state as of October 22, 2001. The account technician had not investigated the state's failure to pay the claims in question on a timely basis.

Delayed billing and lack of proper follow up on delinquent collections procedures create cash flow difficulties, reduce Hospital's funds available for interest bearing investment and increase the chance of the state denying the claim.

Recommendation:

The One on One contract should be billed on a monthly basis as required by the terms of the contract. The Hospital should also investigate outstanding receivable balances on a monthly basis. Payment delays by the state should be documented as evidence in the event the state denies payment due to failure to bill on a timely basis.

**Board of Commissioners
G. B. Cooley Hospital for Retarded Citizens
Management Letter
Page 2 of 2**

Response:

The One on One contract is being billed on a monthly basis as required by the terms of contract. Documentation is being submitted to the Business Office to set up codes in the order for the billing to be completed on a timely basis.

The Business Office personnel are investigating outstanding receivables on a monthly basis in order that payment from the state is not delayed.

A handwritten signature in black ink, appearing to read "Ruffey Hoffman & Kenner". The signature is written in a cursive, flowing style.

(A Professional Accounting Corporation)

December 18, 2001